

1-1 By: Ellis S.B. No. 222
1-2 (In the Senate - Filed January 12, 2007; January 30, 2007,
1-3 read first time and referred to Committee on Business and Commerce;
1-4 March 21, 2007, reported favorably by the following vote: Yeas 8,
1-5 Nays 0; March 21, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to a security freeze on a consumer file maintained by a
1-9 consumer reporting agency.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subsection (a), Section 20.034, Business &
1-12 Commerce Code, is amended to read as follows:

1-13 (a) On written request sent by certified mail that includes
1-14 proper identification provided by a consumer [~~and a copy of a valid~~
1-15 ~~police report, investigative report, or complaint made under~~
1-16 ~~Section 32.51, Penal Code~~], a consumer reporting agency shall place
1-17 a security freeze on a consumer's consumer file not later than the
1-18 fifth business day after the date the agency receives the request.

1-19 SECTION 2. Section 20.0385, Business & Commerce Code, is
1-20 amended to read as follows:

1-21 Sec. 20.0385. APPLICABILITY OF SECURITY ALERT AND SECURITY
1-22 FREEZE. (a) The requirement under this chapter to place a
1-23 security alert or security freeze on a consumer file does not apply
1-24 to:

1-25 (1) a check service or fraud prevention service
1-26 company that issues consumer reports:

1-27 (A) to prevent or investigate fraud; or

1-28 (B) for purposes of approving or processing
1-29 negotiable instruments, electronic funds transfers, or similar
1-30 methods of payment; or

1-31 (2) a deposit account information service company that
1-32 issues consumer reports related to account closures caused by
1-33 fraud, substantial overdrafts, automated teller machine abuses, or
1-34 similar negative information regarding a consumer to an inquiring
1-35 financial institution for use by the financial institution only in
1-36 reviewing a consumer request for a deposit account with that
1-37 institution.

1-38 (b) The requirement under this chapter to place a security
1-39 freeze on a consumer file does not apply to a consumer reporting
1-40 agency that:

1-41 (1) acts only to resell credit information by
1-42 assembling and merging information contained in a database of
1-43 another consumer reporting agency or multiple consumer reporting
1-44 agencies; and

1-45 (2) does not maintain a permanent database of credit
1-46 information from which new consumer reports are produced.

1-47 SECTION 3. Section 20.04, Business & Commerce Code, is
1-48 amended to read as follows:

1-49 Sec. 20.04. CHARGES FOR CERTAIN DISCLOSURES OR
1-50 SERVICES. (a) Except as provided by Subsection (b), a consumer
1-51 reporting agency may impose a reasonable charge on a consumer for
1-52 the disclosure of information pertaining to the consumer or for
1-53 placing a security freeze on a consumer file, temporarily lifting a
1-54 security freeze for a designated period or for an identified
1-55 requester, or removing a security freeze in accordance with this
1-56 chapter. The amount of the charge for the disclosure of information
1-57 pertaining to the consumer may not exceed \$8. The amount of the
1-58 charge for placing a security freeze on a consumer file,
1-59 temporarily lifting a security freeze for a designated period, or
1-60 removing a security freeze may not exceed \$10 per request. The
1-61 amount of the charge for temporarily lifting a security freeze for
1-62 an identified requester may not exceed \$12 per request. On January
1-63 1 of each year, a consumer reporting agency may increase the charge
1-64 for disclosure to a consumer or for placing, temporarily lifting,

2-1 or removing a security freeze. The increase, if any, must be based
2-2 proportionally on changes to the Consumer Price Index for All Urban
2-3 Consumers as determined by the United States Department of Labor
2-4 with fractional changes rounded to the nearest 50 cents.

2-5 (b) A consumer reporting agency may not charge a fee for:

2-6 (1) a request by a consumer for a copy of the
2-7 consumer's file:

2-8 (A) made not later than the 60th day after the
2-9 date on which adverse action is taken against the consumer; or

2-10 (B) made on the expiration of a 45-day security
2-11 alert;

2-12 (2) notification of the deletion of information that
2-13 is found to be inaccurate or can no longer be verified sent to a
2-14 person designated by the consumer, as prescribed by Section 611 of
2-15 the Fair Credit Reporting Act (15 U.S.C. Section 1681i), as
2-16 amended;

2-17 (3) a set of instructions for understanding the
2-18 information presented on the consumer report;

2-19 (4) a toll-free telephone number that consumers may
2-20 call to obtain additional assistance concerning the consumer report
2-21 or to request a security alert; [~~or~~]

2-22 (5) a request for a security alert made by a consumer;
2-23 or

2-24 (6) the placement, temporary lifting, or removal of a
2-25 security freeze at the request of a consumer who has submitted to
2-26 the consumer reporting agency a copy of a valid police report,
2-27 investigative report, or complaint involving the alleged
2-28 commission of an offense under Section 32.51, Penal Code.

2-29 SECTION 4. Subsection (e), Section 20.037, Business &
2-30 Commerce Code, is repealed.

2-31 SECTION 5. The change in law made by this Act applies only
2-32 to a request for placement, removal, or temporary lifting of a
2-33 security freeze on a consumer file that is made on or after the
2-34 effective date of this Act. A request for placement, removal, or
2-35 temporary lifting of a security freeze on a consumer file that is
2-36 made before the effective date of this Act is governed by the law in
2-37 effect on the date the request was made, and the former law is
2-38 continued in effect for that purpose.

2-39 SECTION 6. This Act takes effect immediately if it receives
2-40 a vote of two-thirds of all the members elected to each house, as
2-41 provided by Section 39, Article III, Texas Constitution. If this
2-42 Act does not receive the vote necessary for immediate effect, this
2-43 Act takes effect September 1, 2007.

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